

## Economic Recovery Results in Surplus

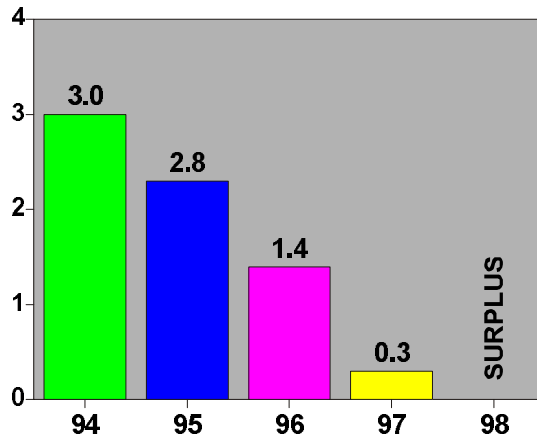
The actual fiscal 1998 surplus is \$69.2 billion, or 0.8 percent of gross domestic product (GDP). This is the first surplus since 1969, and the largest as a percentage of GDP since 1956. In dollar terms, it is the largest ever.

The surplus marks the sixth consecutive year of improvement in the Federal budget balance since the deficit peaked at \$290.4 billion, or 4.7 percent of GDP, in fiscal 1992. Since that year, thanks to strong and continuing economic growth and Federal Government downsizing and spending control, outlays have grown at an average rate of only 3.0 percent per year, less than half the average of 7.3 percent per year over the preceding

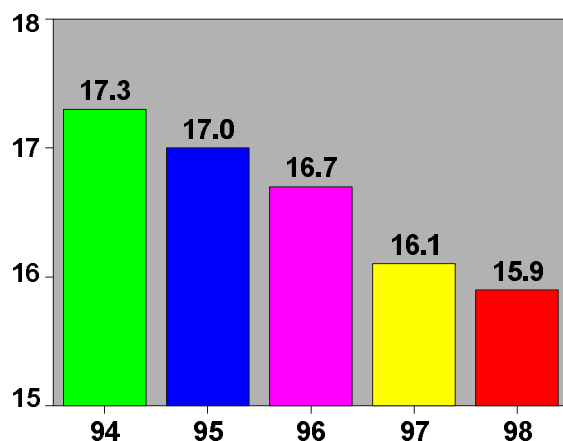
12 years. Meanwhile, receipts have advanced at a rate of 7.9 percent per year, faster than the 6.4 percent average of 1980 through 1992, resulting in steady reductions in the deficit, and the realization of a surplus.

Because of this progress in eliminating the budget deficit, the debt held by the public has been reduced for the first time in 29 years. As a share of the economy, the debt held by the public has declined for 5 consecutive fiscal years and is now below its 1991 level. The change from the mid-session review estimate reflects a \$13.3 billion decrease in outlays and a \$17.6 billion increase in receipts.

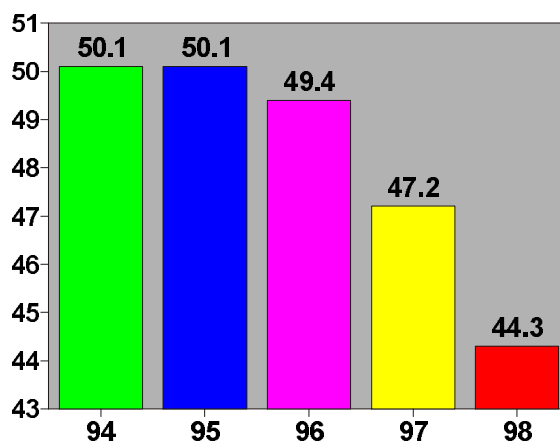
### Federal Deficit as a Percentage of Gross Domestic Product



### Spending as a Percentage of Gross Domestic Product Also Dropped



### Federal Debt Held by the Public as a Percentage of Gross Domestic Product Dropped Again



### Basic Economic Statistics 1994 — 1998

	1994	1995	1996	1997	1998
Economic growth (%) . . . . .	3.3	1.6	3.2	3.8	4.1
Inflation (%) . . . . .	2.7	2.5	3.3	1.7	1.6
Job growth (millions) . . . . .	3.9	2.2	2.5	3.2	2.8
Unemployment rate (%) . . . . .	6.1	5.6	5.4	4.9	4.5

Note: Economic growth is based on fourth quarter to fourth quarter; the 1998 figure reflects the first three quarters at an annual rate. Inflation and growth are based on December to December. The unemployment rate is based on the annual average. Inflation was measured using the Consumer Price Index (CPI).

### Federal Employees 1990 — 1999

Sept. 30	In millions
1990 . . . . .	2.250
1991 . . . . .	2.243
1992 . . . . .	2.225
1993 . . . . .	2.157
1994 . . . . .	2.085
1995 . . . . .	2.012
1996 . . . . .	1.934
1997 . . . . .	1.872
1998 . . . . .	1.856
1999* . . . . .	1.824

\* Projected relative to the Workforce Restructuring Act of 1994.